

Message Text

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ACTION ARA-20

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C O R R E C T E D C O P Y - P A R A N B R E D T W O

E.O. 11652: N/A

TAGS: ECON, EFIN, EGEN, AR

SUBJECT: PUBLICITY CONCERNING US BANK INVOLVEMENT IN
CONTRAVENTION EXCHANGE REGULATIONS

REFS: A. BA 8981, B. BA 7191, C. STATE 154305

1. BUENOS AIRES PRESS AFTERNOON JAN 16 AND MORNING JAN 17
CARRIED PROMINENTLY DISPLAYED ARTICLES CONCERNING CASE OF
"EXCHANGE FRAUD" SAID TO BE AT LEVEL US\$3.5 MILLION WHICH INVOLVES
BANCO ARGENTINO DE COMERCIO (BAC), A SUBSIDIARY OF CHASE
MANHATTAN BANK. ALL PRESS ARTICLES REPORT BAC HAS INITIATED
COURT ACTION AGAINST GROUP OF ARGENTINE AND FOREIGN FIRMS THAT
FAILED TO CARRY OUT CENTRAL BANK REGULATIONS DURING 1972 AND
1973 IN REPATRIATING FOREIGN EXCHANGE PROCEEDS RESULTING FROM
SALES OF LEATHER AND LEATHER PRODUCTS. ARGENTINE EXPORTING
FIRM, A CLIENT OF BAC, HAD SOUGHT AND SECURED BAC GUARANTEE
(BEFORE CENTRAL BANK) THAT EXPORTER WOULD REPATRIATE PROCEEDS.
ALLEGEDLY LEATHER EXPORTING FIRM ALSO HAD SECURED SIMILAR
GUARANTEES COVERING OTHER OPERATIONS FROM SEVERAL ARGENTINE BANKS.

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2. ALL ARTICLES IN VARIOUS NEWSPAPERS FOLLOW SIMILAR

FORMAT IN COVERAGE AND PRESENTATION. THIS IS NO MUCH THE CASE THAT IT APPEARS THE ARTICLES ARE BASED ON ONE RELEASE BUT EMBASSY HAS SO FAR BEEN UNABLE TO IDENTIFY SOURCE OF MATERIAL FOR THE ARTICLES. BAC OFFICIALS HAVE SO FAR FAILED TO RESPOND TO OUR CALLS. FORTUNATELY TONE OF RELEASE CLEARLY PUTS ONUS OF ANY CONTRAVENTION OF REGULATIONS ON EXPORTER FIRMS AND IMPLIES THAT THEY IMPLICATED BAC AND OTHER INNOCENT BANKS IN "FRAUDULENT OPERATION" THROUGH MISREPRESENTATION. ARTICLES DO POINT OUT THAT BAC IS CHARGING FORMER EMPLOYEE WILLIAM DALEY (AMCIT), WHO RETURNED TO US SOME MONTHS AGO WITHOUT CHASE PERMISSION OR EVEN NOTIFYING BANK, TOGETHER WITH OTHERS, WITH CONSPIRACY TO EVADE EXCHANGE REGULATIONS.

3. COMMENT. COURT CASE AND ATTENDANT PUBLICITY REFERRED TO ABOVE ARE IMPORTANT BECAUSE THEY HOLD DANGER ON TWO FRONTS: (A) THERE IS REASON TO BELIEVE THAT SOME LEADING GOA OFFICIALS IN PRESENT GOVERNMENT WERE INVOLVED IN FINANCING LEATHER PRODUCING AND EXPORTING FIRMS ACCUSED IN COURT CASE BEGUN BY BAC; AND (B) PUBLICITY ATTACHED TO THIS CASE MAY HINDER SLOW-MOVING BUT SEEMINGLY POSITIVE PROGRESS TOWARD SATISFACTORY ARRANGEMENTS BETWEEN CHASE MANHATTAN AND CENTRAL BANK ON TERMS FOR EXPROPRIATION OF BAC. EMBASSY WILL REPORT FURTHER UPON ANY NEW DEVELOPMENTS AND AFTER WE ARE ABLE TO DISCUSS MATTER WITH CHASE AND BAC REPS.
KREBS

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